JINHUI

JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

OVERSEAS REGULATORY ANNOUNCEMENT

SECOND QUARTER AND HALF YEARLY REPORT
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2017
OF
JINHUI SHIPPING AND TRANSPORTATION LIMITED

This overseas regulatory announcement is made by Jinhui Holdings Company Limited (the "Company") in compliance with Rule 13.09 and 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Please refer to the attached announcement released on 30 August 2017 through the Oslo Stock Exchange by Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 54.77% owned subsidiary of the Company, in accordance with the regulations of the Oslo Stock Exchange.

The principal accounting policies and methods of computation used in the preparation of the attached unaudited consolidated results of Jinhui Shipping and its subsidiaries are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Jinhui Holdings Company Limited
Ng Siu Fai
Chairman

Hong Kong, 30 August 2017

As at date of this announcement, the Executive Directors of Jinhui Holdings Company Limited are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of Jinhui Holdings Company Limited are Cui Jianhua, Tsui Che Yin Frank and William Yau.

JINHUI SHIPPING

JINHUI

JINHUI SHIPPING
AND TRANSPORTATION LIMITED

Second Quarter and Half Yearly Report 2017

JINHUI SHIPPING

HIGHLIGHTS

For the First Half of 2017

- Revenue for the period : US$34 million
- Net loss for the period: US$9 million included non-cash impairment loss on assets held for sale (disposed vessels) of US$6 million
- Basic loss per share: US$0.104
- Gearing ratio as at 30 June 2017: 33%

For the Second Quarter of 2017

- Revenue for the quarter : US$19 million
- Net loss for the quarter: US$0.8 million
- Basic loss per share: US$0.009

The Board of **Jinhui Shipping and Transportation Limited** (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the quarter and six months ended 30 June 2017.

SECOND QUARTER RESULTS

Revenue for the second quarter of 2017 increased 26% to US$18,995,000, comparing to US$15,064,000 for the corresponding quarter in 2016. The Company recorded a consolidated net loss of US$784,000 for current quarter as compared to a consolidated net loss of US$20,667,000 for the corresponding quarter in 2016. Basic loss per share was US$0.009 for the second quarter of 2017 while basic loss per share was US$0.246 for the corresponding quarter in 2016.

HALF YEARLY RESULTS

Revenue for the first half of 2017 increased 37% to US$34,296,000, comparing to US$25,023,000 for the same period in 2016. The Company recorded a consolidated net loss of US$8,755,000 for the first half of 2017 while a consolidated net loss of US$39,144,000 was reported in the first half of 2016. The consolidated net loss for the first half of 2017 was attributable to the impairment loss on assets held for sale (disposed vessels) of US$6,301,000 recognized in the first half of 2017 whereas US$12,552,000 was recognized in the same period in 2016. The impairment loss on assets held for sale (disposed vessels) is non-cash in nature and does not have impact on the operating cash flows of the Group. Basic loss per share for the period was US$0.104 as compared to basic loss per share of US$0.466 for the first half of 2016.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2017.

REVIEW OF OPERATIONS

Second Quarter of 2017. Dry bulk shipping market has been improving since February 2017 on the back of rising dry seaborne trade volumes which were stimulated by both increasing agricultural products and coal trading activities. Despite the freight rates have softened in May and June 2017, the average of Baltic Dry Index of the second quarter of 2017 was 1,006 points, which compares to 610 points in the same quarter in 2016.

Revenue for the second quarter of 2017 was US$18,995,000, representing an increase of 26% as compared to US$15,064,000 for the same quarter in 2016. Despite reduced number of owned vessels, our hire income under time charters grew 29% compared with the same quarter in 2016 amid higher market freight rates. The average daily time charter equivalent rates ("TCE") earned by the Group's fleet improved 72% to US$8,231 for the second quarter of 2017 as compared to US$4,781 for the corresponding quarter in 2016.

Average daily TCE	**2017 Q2 US$**	2016 Q2 US$	**2017 1st half US$**	2016 1st half US$	2016 US$
Post-Panamax / Panamax fleet	**8,251**	4,905	**7,399**	3,450	4,475
Supramax / Handymax / Handysize fleet	**8,230**	4,764	**7,015**	3,891	4,922
In average	**8,231**	4,781	**7,044**	3,841	4,871

Shipping related expenses dropped from US$14,125,000 for the second quarter in 2016 to US$10,694,000 for the current quarter. The decrease was mainly attributable to the reduced number of owned vessels from thirty five in the second quarter of 2016 to twenty three at end of the current quarter and the continued efforts in reducing vessels' running costs under the Group's cost reduction strategy in order to remain competitive in the current tough market environment.

In April 2017, the Group took the opportunity to enter into a memorandum of agreement to dispose one Handysize at a consideration of US$15,000,000. The disposal has resulted in an accounting profit of US$0.3 million which was included in other operating income and it generated positive cash flow resulting in the strengthening of the Group's overall financial liquidity. The vessel was delivered to the buyer in June 2017.

First Half of 2017. With the continued dry commodities demand coupled with limited new tonnages entering the market, dry bulk sector has shown a notable improvement in the first half of 2017, and we expect this positive momentum is likely to continue into the second half of 2017. There was noticeable improvement in market freight rates of all types of dry bulk vessels in the first half of 2017 as comparing to same period in 2016. We remain positive in the longer term outlook as the supply side of dry bulk vessels would be limited, but it would take more years to prove a sustainable rebound. The overall recovery in dry bulk shipping market require a stronger demand and supply rebalance through slowing fleet growth, layups and scrapping of tonnages.

Revenue for the first half of 2017 increased 37% to US$34,296,000, comparing to US$25,023,000 for the first half of 2016. The increase in revenue was primarily attributable to the recovering freight rates in the spot market. The average daily TCE earned by the Group's fleet increased 83% to US$7,044 for the first half of 2017 as compared to US$3,841 for the corresponding period in 2016. Basic loss per share for the period was US$0.104 as compared to basic loss per share of US$0.466 for the first half of 2016.

Other operating income decreased from US$7,758,000 for the first half of 2016 to US$4,524,000 for the first half of 2017 due to the reduced settlement income received from charterers in relation to repudiation claims from US$4,393,000 in the first half of 2016 to US$655,000 in the first half of 2017. The Group will continue to seek all legal means to recover the amounts granted in the arbitration awards.

Shipping related expenses for the period reduced from US$29,017,000 for the first half of 2016 to US$21,202,000 for the first half of 2017 due to reduced number of owned vessels from thirty five in the first half of 2016 to twenty three at end of the first half of 2017 and the continued efforts on cost reduction strategy in order to remain competitive in the current tough market environment.

During the first half of 2017, the Group took the opportunity to enter into five memorandums of agreement to dispose four Supramaxes and one Handysize at a total consideration of US$63,000,000. By using the net sale proceeds arisen from the disposals for the repayment of the vessel mortgage loans, the Group's overall indebtedness had been reduced by approximately US$52.3 million. The disposal of these five vessels would enable the Group to further enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. For financial reporting purposes, these five disposed vessels were reclassified to "Assets held for sale" in accordance with IFRS 5 and HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with a total impairment loss on assets held for sale (disposed vessels) of US$6,301,000 was recognized in the first half of 2017 upon reclassification to assets held for sale. Two vessels were delivered to the respective buyers in April 2017 while the three remaining vessels were delivered to the respective buyers in June 2017. Given the unpredictable and often high earnings volatility in our industry, the disposal of the vessels can further reduce our debt service pressure from both principal repayments and interest payments in an expected rising interest rate environment. The Directors continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate.

Subsequent to the reporting date, the Company announced on 3 July 2017 to carry out a rights issue raising up to NOK 201,708,816 in gross proceeds through the issuance of up to 25,213,602 new shares at a subscription price of NOK 8.00 per share where the shareholders in the Company as per the end of 4 July 2017 and registered with the Verdipapirsentralen (the "VPS"), the Norwegian Central Securities Depository on 6 July 2017 shall have preferential rights to subscribe for the new shares (the "Rights Issue"). The subscription period for the Rights Issue ended on 21 July 2017. Allocation of 25,213,602 new shares in the Rights Issue was approved by the Board on 25 July 2017. The gross proceeds from the Rights Issue, amount to a total of NOK 201,708,816, will be used to further reduce the overall indebtedness, putting the Company on an even sounder and stronger financing footing to operate in an expected slowly recovering market going forward. The Board had approved the final allocation of the shares subscribed for in the Rights Issue based on the allocation criteria set out in the prospectus dated 6 July 2017. A total of 21,663,041 new shares had been allocated to subscribers on the basis of exercised subscription rights and 3,550,561 new shares had been allocated to holders of subscription rights as a result of oversubscription. The issuance of the new shares pursuant to the consummation of the Rights Issue had been registered in the Company's register of members and delivered to each subscriber's VPS account on 2 August 2017 and become tradable on the Oslo Stock Exchange on 2 August 2017. The Rights Issue had been completed on 2 August 2017 and the Company's new total issued share capital is US$5,462,947.15 divided into 109,258,943 shares, each with a nominal value of US$0.05 and each giving one vote at the Company's general meeting.

FINANCIAL REVIEW

As at 30 June 2017, the Company maintained positive working capital position of US$62,715,000 (31/12/2016: US$47,767,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to US$74,354,000 (31/12/2016: US$74,722,000). During the first half of 2017, net cash generated from operating activities amounted to US$4,047,000 (30/6/2016: US$22,038,000).

As at 30 June 2017, the Group's bank borrowings decreased to US$144,794,000 (31/12/2016: US$212,554,000), of which 8%, 52%, 39% and 1% are repayable respectively within one year, one to two years, two to five years and over five years. All bank borrowings were denominated in United States Dollars and were committed on floating rate basis.

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, decreased to 33% (31/12/2016: 61%) as at 30 June 2017. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements. As at 30 June 2017, the Group is able to service its debt obligations, including principal and interest payments.

During the six months ended 30 June 2017, capital expenditure on additions of property, plant and equipment was US$2,334,000 (30/6/2016: US$2,228,000). As at 30 June 2017 and 31 December 2016, there was no capital expenditure commitments contracted by the Group but not provided for.

FLEET

Owned Vessels

As at 30 June 2017 and 29 August 2017, the Group had twenty three owned vessels as follows:

	Number of owned vessels
Post-Panamax fleet	2
Supramax fleet	21
Total fleet	**23**

During the first half of 2017, the Group had entered into five memorandums of agreement to dispose four Supramaxes and one Handysize, at a total consideration of US$63 million. Following the disposal of five vessels, the Group's total carrying capacity had been reduced from deadweight 1,602,343 metric tons to 1,341,902 metric tons. Five vessels had been delivered to the respective buyers during the first half of 2017.

SIGNIFICANT LITIGATION UPDATE

Galsworthy Limited ("Galsworthy"), a wholly owned subsidiary of the Group, was the disponent owners of the vessel "CANTON TRADER" which was later renamed "JIN KANG". On 17 June 2008, Galsworthy entered into a time charter with Parakou Shipping Pte Limited ("Parakou Shipping") for a period of approximately five years, with delivery not due until March 2009. On or about 13 March 2009, Parakou Shipping wrongfully refused to take delivery of the vessel and Galsworthy accepted their conduct as a repudiation of the charter, bringing it to an end.

The dispute was the subject of various proceedings, but principally in London arbitration. By Arbitration Awards dated 31 August 2010 and 13 May 2011, the London arbitrators upheld Galsworthy's claims and awarded damages of approximately US$41.25 million plus interest and costs. Since then Galsworthy has been trying to enforce those awards against Parakou Shipping and its former directors. The present amount outstanding is in excess of US$60 million.

In one action Galsworthy has been funding Singapore proceedings commenced by the liquidator of Parakou Shipping against four of Parakou Shipping's former directors and related corporate entities, seeking to claw back assets into Parakou Shipping for distribution amongst the creditors. Judgment was obtained in February 2017 in the sum of SGD17 million against the Defendants but the Defendants have now appealed the same. The Liquidator has cross appealed to increase the judgment amount. Galsworthy has also submitted a proof of debt in the Parakou Shipping's liquidation in respect of its claim under the Arbitration Awards.

(For more information with regards to the February 2017 judgment issued by Singapore High Court, please visit website of Supreme Court of Singapore or click this link: Parakou Shipping Pte Ltd (in liquidation) v Liu Cheng Chan and others which is publicly available.)

Separately in South Africa enforcement action in respect of the two awards has been taken against the vessel "PRETTY SCENE" in Durban. She was arrested in June 2016 and remains under arrest there whilst the enforcement is challenged by Parakou Tankers Inc. a company controlled by Mr. Por Liu, one of the former directors of Parakou Shipping. An application for leave to appeal against the dismissal order in respect of the first arrest on the vessel is presently before the Supreme Court of South Africa. The vessel remains under a second arrest which was prepared when the technical defense raised by Parakou Tankers Inc. in respect of the first arrest was discovered. Judgment is awaited. There was an application for wrongful arrest and damages claim brought by Parakou Tankers Inc. in respect of the second arrest but leading counsel in South Africa has advised that the same has minimal prospects of success.

Recently, following the factual findings in the Singapore judgment, an action has been commenced in Hong Kong against three of the former directors of Parakou Shipping for unlawful conspiracy. An injunction freezing assets belonging to the directors of Parakou Shipping has been obtained. The substantive action is at an early stage.

RISK FACTORS

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company's management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, availability of financing and refinancing, inability to obtain restructuring or rescheduling of indebtedness from lenders in liquidity trough, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

OUTLOOK

The first half of 2017 marked a more encouraging market for dry bulk shipping, with significant pick-up in activity in the freight market, and a busy S&P market reflected by a recovery in asset prices. Both the freight market and asset prices have since rebounded from its trough to more reasonable levels albeit still low from a historical stand point. We remain cautious nevertheless, and continue to see the path to a persistent recovery and demand supply equilibrium will not be without challenges given the changes we are facing in today's global economic landscape, an ever increasing global population, as well as changes in food, living and energy requirements.

A number of factors will continue to determine the pace of dry bulk market recovery: (1) continued positive demand growth in key dry bulk commodities importing activities from China and Asian countries; (2) a continue recovery or stabilization of dry commodity prices; and most importantly in our view (3) the reduction in shipbuilding capacity where irrational ordering, and hence oversupply in the market will be discouraged; and (4) geopolitical risks that affect world trading.

The previous round of excessive newbuilding orders driven by irrational expectations of financial return by parties with limited operating experience, with investment rationale driven mainly by their ability to access cheap funding in both the money and capital markets, and fee driven intermediaries acting as a catalyst backfired hard in 2016, leaving its mark as one of the most difficult years in the history of commercial shipping. Shipyards, buyers and ship financiers alike continue to face challenges left by the aftermath of this down cycle, resulting in a reduced projected fleet growth in the foreseeable future.

Delays, conversions of bulk newbuilding orders to other vessel types, cancellations, and shipyard defaults are currently leading to much fewer actual deliveries than previously scheduled. Asset based financing, in particular with respect to maritime assets continue to be a lot less easy and expensive to come by. A more stable operating environment will result if this continues, time will tell and we remain patient to witness a healthy market ahead of us.

Our mindset remains to be prudent and continue to watch out for uncertainties in the global markets, in particularly the freight market, as well as the financial, commodity, interest rate and currency markets. Unexpected events will occur and these will inevitably introduce volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We will continue to refrain from using freight, bunker, currencies or interest rate derivatives to minimize any unnecessary business risks.

We are in a relatively fortunate position where we have no capital expenditure commitment in relation to newbuilding contracts, as well as no charter-in contracts at this juncture. Looking ahead, we will continue to focus on taking sensible and decisive actions to maintain a strong financial position, maintaining a young and modern fleet, and focusing on the further reduction of debt to ensure we sail through stormy waters.

We will intimately monitor cargo flows in order to deploy our vessels efficiently to optimize revenue, secure and maximize income including potential recoveries from outstanding charter disputes, ensuring the maintenance of a high quality, safe fleet of vessels, and keeping costs in check to enhance our margins in order to remain competitive.

Looking ahead, we will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under different kinds of scenarios. We remain resolute in our potential and ability to remain a trustworthy partner to those who support us, and continue to be a long term preferred tonnage provider to our customers.

PUBLICATION OF FINANCIAL INFORMATION

This report is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

Ng Siu Fai
Chairman

30 August 2017

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2017 has been prepared in accordance with applicable accounting standards and gives a true and fair view of the assets, liabilities, financial position and results of operations of the Group and that the half yearly report includes a fair review of the development and performance of the business and the position of the Group together with a description of the key principal risks and uncertainty factors that the Group faces.

30 August 2017

Ng Siu Fai
Chairman

Ng Kam Wah Thomas
Managing Director and Deputy Chairman

Ng Ki Hung Frankie
Executive Director

Ho Suk Lin Cathy
Executive Director

Tsui Che Yin Frank
Non-executive Director

William Yau
Non-executive Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**3 months ended 30/6/2017 (Unaudited) *US$'000***	3 months ended 30/6/2016 (Unaudited) *US$'000*	**6 months ended 30/6/2017 (Unaudited) *US$'000***	6 months ended 30/6/2016 (Unaudited) *US$'000*	Year ended 31/12/2016 (Audited) *US$'000*
Revenue	*2*	**18,995**	15,064	**34,296**	25,023	59,955
Other operating income		**1,780**	5,314	**4,524**	7,758	20,535
Interest income		**469**	549	**930**	1,172	2,121
Shipping related expenses		**(10,694)**	(14,125)	**(21,202)**	(29,017)	(54,465)
Staff costs		**(1,897)**	(2,562)	**(3,671)**	(5,289)	(9,334)
Impairment loss on owned vessels		**-**	-	**-**	-	(113,010)
Impairment loss on assets held for sale	*4*	**-**	(12,552)	**(6,301)**	(12,552)	(45,462)
Other operating expenses		**(2,740)**	(1,835)	**(3,861)**	(5,117)	(9,664)
Operating profit (loss) before depreciation and amortization		**5,913**	(10,147)	**4,715**	(18,022)	(149,324)
Depreciation and amortization		**(4,957)**	(9,303)	**(10,440)**	(18,688)	(34,652)
Operating profit (loss)		**956**	(19,450)	**(5,725)**	(36,710)	(183,976)
Finance costs		**(1,740)**	(1,217)	**(3,030)**	(2,434)	(5,115)
Loss before taxation		**(784)**	(20,667)	**(8,755)**	(39,144)	(189,091)
Taxation	*6*	**-**	-	**-**	-	-
Net loss for the period / year		**(784)**	(20,667)	**(8,755)**	(39,144)	(189,091)
Other comprehensive loss						
Items that may be reclassified subsequently to profit or loss:						
Change in fair value of available-for-sale financial assets		**-**	(17)	**-**	(17)	(23)
Total comprehensive loss for the period / year attributable to shareholders of the Company		**(784)**	(20,684)	**(8,755)**	(39,161)	(189,114)
Loss per share	*7*					
- Basic and diluted		**US$(0.009)**	US$(0.246)	**US$(0.104)**	US$(0.466)	US$(2.250)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30/6/2017 (Unaudited) *US$'000***	30/6/2016 (Unaudited) *US$'000*	31/12/2016 (Audited) *US$'000*
ASSETS				
Non-current assets				
Property, plant and equipment		**270,900**	559,766	346,638
Investment properties	*9*	**14,545**	9,397	14,984
Available-for-sale financial assets	*10*	**363**	369	363
		285,808	569,532	361,985
Current assets				
Inventories		**529**	158	235
Trade and other receivables		**14,178**	18,013	16,823
Financial assets at fair value through profit or loss	*11*	**48,840**	55,216	46,168
Pledged deposits		**6,511**	10,013	6,495
Bank balances and cash		**25,514**	34,742	28,554
		95,572	118,142	98,275
Assets held for sale		**-**	6,596	-
		95,572	124,738	98,275
Total assets		**381,380**	694,270	460,260
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**4,202**	4,202	4,202
Reserves		**211,336**	370,044	220,091
Total equity		**215,538**	374,246	224,293
Non-current liabilities				
Secured bank loans		**132,985**	198,694	185,459
Current liabilities				
Trade and other payables		**20,992**	26,456	23,343
Amount due to holding company		**56**	43	70
Secured bank loans		**11,809**	94,831	27,095
		32,857	121,330	50,508
Total equity and liabilities		**381,380**	694,270	460,260

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Employee share-based compensation reserve	Reserve for available-for-sale financial assets	Retained profits	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2016	4,202	72,087	719	16,297	4,758	48	315,296	413,407
Net loss for the period	-	-	-	-	-	-	(39,144)	(39,144)
Other comprehensive loss for the period	-	-	-	-	-	(17)	-	(17)
Total comprehensive loss for the period	-	-	-	-	-	(17)	(39,144)	(39,161)
At 30 June 2016	4,202	72,087	719	16,297	4,758	31	276,152	374,246
At 1 January 2017	4,202	72,087	719	16,297	-	25	130,963	224,293
Net loss and total comprehensive loss for the period	-	-	-	-	-	-	(8,755)	(8,755)
At 30 June 2017	**4,202**	**72,087**	**719**	**16,297**	**-**	**25**	**122,208**	**215,538**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30/6/2017	6 months ended 30/6/2016	Year ended 31/12/2016
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
OPERATING ACTIVITIES			
Cash generated from operations	**7,254**	24,444	39,793
Interest paid	**(3,207)**	(2,406)	(5,124)
Net cash from operating activities	**4,047**	22,038	34,669
INVESTING ACTIVITIES			
Interest received	**874**	1,284	2,444
Dividend income received	**67**	252	721
Purchase of property, plant and equipment	**(2,334)**	(2,228)	(4,990)
Purchase of investment properties	**-**	-	(855)
Proceeds from disposal of property, plant and equipment	**-**	68	68
Proceeds from disposal of investment properties, net	**442**	-	-
Proceeds from disposal of assets held for sale, net	**61,640**	2,805	63,427
Net cash from investing activities	**60,689**	2,181	60,815
FINANCING ACTIVITIES			
Repayment of secured bank loans	**(67,760)**	(23,958)	(104,929)
(Increase) Decrease in pledged deposits	**(16)**	363	3,881
Net cash used in financing activities	**(67,776)**	(23,595)	(101,048)
Net increase (decrease) in cash and cash equivalents	**(3,040)**	624	(5,564)
Cash and cash equivalents at beginning of the period / year	**28,554**	34,118	34,118
Cash and cash equivalents at end of the period / year	**25,514**	34,742	28,554

NOTES:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and have been reviewed by our auditor, Grant Thornton Hong Kong Limited. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2016. Amendments to International Financial Reporting Standards ("IFRS") and Hong Kong Financial Reporting Standards ("HKFRS") effective for the financial year ending 31 December 2017 do not have any material impact on the interim financial statements of the Group.

2. Revenue

The Group is principally engaged in the businesses of ship chartering and ship owning which are carried out internationally. Revenue represents chartering freight and hire income arising from the Group's owned vessels. Revenue recognized during the periods / year are as follows:

	3 months ended 30/6/2017	3 months ended 30/6/2016	**6 months ended 30/6/2017**	6 months ended 30/6/2016	Year ended 31/12/2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Chartering freight and hire income:					
Hire income under time charters	**18,995**	14,714	**32,668**	23,723	57,412
Freight income under voyage charters	**-**	350	**1,628**	1,300	2,543
	18,995	15,064	**34,296**	25,023	59,955

3. Other operating income

Other operating income for the first half of 2017 mainly included net gain of US$1,448,000 on financial assets at fair value through profit or loss and settlement income of US$655,000 from a charterer in relation to repudiation claims.

Other operating income for the first half of 2016 mainly included settlement income of US$4,393,000 from charterers in relation to repudiation claims.

Other operating income for the year 2016 mainly included change in fair value of investment properties of US$4,732,000 and settlement income of US$5,621,000 from charterers in relation to repudiation claims.

4. Impairment loss on assets held for sale

During the first half of 2017, the Group took the opportunity to enter into five (30/6/2016: three) memorandums of agreement to dispose four (30/6/2016: three) Supramaxes and one (30/6/2016: nil) Handysize at a total consideration of US$63,000,000 (30/6/2016: US$9,700,000). Five vessels were delivered to the respective buyers and the disposals were completed in April and June 2017. The disposal of these five vessels would enable the Group to further enhance its working capital position and to strengthen its liquidity, and optimize the fleet profile through this ongoing management of asset portfolio. Given the unpredictable and often high earnings volatility in our industry, the disposal of the vessels can further reduce our debt service pressure from both principal repayments and interest payments in an expected rising interest rate environment. For financial reporting purposes, these five (30/6/2016: three) disposed vessels were reclassified to "Assets held for sale" in accordance with IFRS 5 and HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with a total impairment loss on assets held for sale (disposed vessels) of US$6,301,000 (30/6/2016: US$12,552,000) was recognized in the first half of 2017 upon reclassification to assets held for sale.

For the year 2016, the Group entered into eight memorandums of agreement to dispose two Panamaxes, five Supramaxes and one Handymax at a total consideration of US$65,100,000. For financial reporting purposes, these eight disposed vessels were reclassified to "Assets held for sale" in accordance with IFRS 5 and HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with a total impairment loss on assets held for sale (disposed vessels) of US$45,462,000 was recognized in 2016 upon reclassification to assets held for sale.

5. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 30/6/2017	3 months ended 30/6/2016	**6 months ended 30/6/2017**	6 months ended 30/6/2016	Year ended 31/12/2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Realized loss (gain) on financial assets at fair value through profit or loss	**(276)**	(342)	**(378)**	1,715	1,719
Unrealized loss (gain) on financial assets at fair value through profit or loss	**(24)**	803	**(1,070)**	613	367
Net loss (gain) on financial assets at fair value through profit or loss	**(300)**	461	**(1,448)**	2,328	2,086
Reversal of impairment loss on trade receivables	**-**	(6)	**(3)**	(27)	(50)
Dividend income	**(58)**	(108)	**(107)**	(272)	(756)

6. Taxation

Taxation has not been provided as the Group has no assessable profit for all relevant periods / year.

7. Loss per share

Basic and diluted loss per share for the quarter and six months ended 30 June 2017 were calculated on the respective net loss of US$784,000 (30/6/2016: US$20,667,000) for the second quarter and US$8,755,000 (30/6/2016: US$39,144,000) for the six months ended 30 June 2017 and the weighted average number of 84,045,341 (30/6/2016: 84,045,341) ordinary shares in issue (with no potentially dilutive ordinary shares in existence) during the quarter / period.

Basic and diluted loss per share for the year 2016 were calculated on the net loss of US$189,091,000 for the year 2016 and the weighted average number of 84,045,341 ordinary shares in issue during the year.

8. Interim dividend

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2017 (30/6/2016: nil).

9. Investment properties

	30/6/2017	30/6/2016	31/12/2016
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
At 1 January	**14,984**	9,397	9,397
Additions	**-**	-	855
Disposals	**(439)**	-	-
Change in fair value	**-**	-	4,732
	14,545	9,397	14,984

The Group's investment properties were stated at fair value and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases.

The investment properties of the Group were not revalued at 30 June 2017 by independent valuers. The management was aware of the possible change in the conditions of the property market and considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at 31 December 2016. Consequently, no increase or decrease in fair value of investment properties has been recognized in the current period.

10. Available-for-sale financial assets

	30/6/2017	30/6/2016	31/12/2016
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Unlisted club membership, at fair value	**193**	199	193
Unlisted club membership, at cost	**170**	170	170
	363	369	363

Unlisted club membership stated at fair value represented investment in club membership which its fair value can be determined directly by reference to published price quotation in active market. At the reporting date, the fair value measurement of this unlisted club membership was categorized as Level 1 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the periods / year.

For the unlisted club membership stated at cost, as there is no quoted market price in active market, the range of reasonable fair value estimates can be varied significantly that its fair value cannot be measured reliably.

11. Financial assets at fair value through profit or loss

	30/6/2017	30/6/2016	31/12/2016
	(Unaudited)	(Unaudited)	(Audited)
	US$'000	*US$'000*	*US$'000*
Held for trading			
Listed equity securities	**16,118**	20,442	15,229
Listed debt securities	**32,722**	34,774	30,939
	48,840	55,216	46,168

At the reporting date, the fair value measurements of listed equity securities and listed debt securities were determined by reference to their quoted bid prices in active markets and were categorized as Level 1 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the periods / year.

12. Capital expenditures and commitments

During the six months ended 30 June 2017, capital expenditure on additions of property, plant and equipment was US$2,334,000 (30/6/2016: US$2,228,000). As at 30 June 2017 and 31 December 2016, there was no capital expenditure commitments contracted by the Group but not provided for.

13. Related party transactions

During the periods / year, the Group had related party transactions in relation to compensation of key management personnel as follows:

	3 months ended 30/6/2017	3 months ended 30/6/2016	**6 months ended 30/6/2017**	6 months ended 30/6/2016	Year ended 31/12/2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	*US$'000*
Salaries and other benefits	**971**	1,636	**1,949**	3,272	5,577
Contributions to retirement benefits schemes	**49**	91	**99**	182	281
	1,020	1,727	**2,048**	3,454	5,858

14. Events after the reporting date

Subsequent to the reporting date, the Company announced on 3 July 2017 to carry out a rights issue raising up to NOK 201,708,816 in gross proceeds through the issuance of up to 25,213,602 new shares at a subscription price of NOK 8.00 per share where the shareholders in the Company as per the end of 4 July 2017 and registered with the Verdipapirsentralen (the "VPS"), the Norwegian Central Securities Depository on 6 July 2017 shall have preferential rights to subscribe for the new shares (the "Rights Issue"). The subscription period for the Rights Issue ended on 21 July 2017. Allocation of 25,213,602 new shares in the Rights Issue was approved by the Board on 25 July 2017. The gross proceeds from the Rights Issue, amount to a total of NOK 201,708,816, will be used to further reduce the overall indebtedness, putting the Company on an even sounder and stronger financing footing to operate in an expected slowly recovering market going forward. The Board had approved the final allocation of the shares subscribed for in the Rights Issue based on the allocation criteria set out in the prospectus dated 6 July 2017. A total of 21,663,041 new shares had been allocated to subscribers on the basis of exercised subscription rights and 3,550,561 new shares had been allocated to holders of subscription rights as a result of oversubscription. The issuance of the new shares pursuant to the consummation of the Rights Issue had been registered in the Company's register of members and delivered to each subscriber's VPS account on 2 August 2017 and become tradable on the Oslo Stock Exchange on 2 August 2017. The Rights Issue has been completed on 2 August 2017 and the Company's new total issued share capital is US$5,462,947.15 divided into 109,258,943 shares, each with a nominal value of US$0.05 and each giving one vote at the Company's general meeting.

Independent auditor's report on review of condensed consolidated interim financial information
To the Board of Directors of Jinhui Shipping and Transportation Limited
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements of Jinhui Shipping and Transportation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 11 to 19, which comprise the condensed consolidated statement of financial position as at 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and International Accounting Standard 34 "Interim Financial Reporting".

Grant Thornton Hong Kong Limited

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road, Wanchai
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30 August 2017

Chan Tze Kit
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